GOVERNMENT OF INDIA
DEFENCE
LOK SABHA

UNSTARRED QUESTION NO:1093
ANSWERED ON:01.03.2001
NON-COMPLIANCE OF SUPPLY ORDER BY B.D.L.
RAMJI MANJHI

Will the Minister of DEFENCE be pleased to state:

(a) whether Army Headquarters had placed an indent for purchase of 2000 Konkur Missiles on Bharat Dynamics Limited, Hyderabad, to be supplied by March, 1996 with a condition that liquidated damages @ 1/2 percent will be charged from the supplier;

(b) if so, whether the supplier could not supply the missiles in the agreed period of time;

(c) if so, whether the liquidated damages were claimed from the supplier;

(d) if not, the reasons therefor;

(e) whether there is any proposal to fix responsibility on the officials found responsible and to recover the charges now; and

(f) if not, the reasons therefor?

Answer

MINISTER OF DEFENCE (SHRI GEORGE FERNANDES)

(a) to (f): An indent no. 9M 113/KONK/09/95, dt. 28th March, 1995 was placed on M/s Bharat Dynamics Limited (BDL), Hyderabad for supply of 2000 nos. of Konkur missiles during the year 1995-96. As per the indent in the event of the failure of the contractor to deliver the missiles as agreed to or within the stipulated or the extended time, as the case may be, purchaser shall at his option be entitled to recover from the contractor as agreed liquidated damages, and not by way of penalty, a sum of half per cent of the price of any equipment, which the contractor fails to deliver within the stipulated time for every week or part thereof subject to a ceiling of 5%. However, three months period of grace will be allowed by the purchaser before the commencement of levy of liquidated damages on any of the consignment.

Against the indent M/s BDL supplied 1156 nos. of missiles during 1995-96 leaving a balance of 844 missiles yet to be supplied as on 31st March, 1996. M/s BDL took up a case for the extension of time for the supply of remaining 844 missiles with Ministry of Defence. Keeping in view the circumstances and justification provided by the defence Public Sector Undertaking (PSU), their request for extension of time to supply the balance missiles was accepted without levying Liquidated Damages.